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C O N F I D E N T I A L CARACAS 001666

SIPDIS

E.O. 12958: DECL: 06/02/2015

TAGS: PREL ETRD ETTC CU VE

SUBJECT: GOV UNLIKELY TO SUPPORT DEMOCRATIC TRANSITION IN CUBA

REF: A. SECSTATE 096300 B. CARACAS 1359

Classified By: Political Counselor Abelardo A. Arias  
for reason 1.4 (d).

¶1. (C) President Hugo Chavez,s support for Fidel Castro and antagonism toward the United States is well publicized and makes GoV support for democratic transition in Cuba improbable. The cooperation that exists between Castro and Chavez is extensive, as evidenced by the over 10,000 Cuban doctors and teachers working in Venezuela, the amount of subsidized oil flowing from Venezuela to Cuba and a series of recent economic agreements intended to strengthen trade between the two countries.

¶2. (C) On April 28, Chavez and Castro signed 49 economic agreements in Havana (Ref B). These agreements covered areas such as energy, oil, nickel, agriculture, furniture, shoes, textiles, toys, lingerie, tires, construction materials, electricity, transportation, health and education. The central focus of the agreements, however, appeared to be oil, with the establishment of PDVSA-Cuba to coordinate oil shipments to the Caribbean and plans to increase oil shipments to Cuba from 53,000 barrels per day (bpd) to between 80 and 90 thousand bpd. In addition to sending more than USD 400 million of various products duty free to Cuba, the GoV also plans to open an office of state-owned commercial Venezuelan Industrial Bank (BIV) in Havana to finance imports and exports of products between the two countries while Cuba will open an official Banco Exterior de Cuba in Caracas. A plan to form 11 co-state-owned companies was part of the agreement.

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COMMENT  
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¶3. (C) Chavez,s regard for Castro is deeply rooted and unlikely to change in the foreseeable future. With personal and economic ties strengthening between the two governments alongside Chavez,s staunch criticism of capitalism, the more likely scenario is that Chavez will amplify his support for Castro,s socialist ideology while opposing any steps towards a democratic transition in Cuba. In the event of a sudden leadership change in Cuba, we would expect Chavez to use the GoV's considerable resources, as well as its influence in the hemisphere, to support Cuban hardliners and to oppose USG initiatives.  
Brownfield

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